

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2016

Docket No. ACR2016

CHAIRMAN'S INFORMATION REQUEST NO. 14

(Issued February 3, 2017)

To clarify the Postal Service's FY 2016 Annual Performance Report (FY 2016 *Report*) and FY 2017 Annual Performance Plan (FY 2017 *Plan*),¹ the Postal Service is requested to provide written responses to the following requests. Answers should be provided to individual requests as soon as they are developed, but no later than February 10, 2017.

Provide Excellent Customer Experiences

1. Section 2804(c) of title 39 of the U.S. Code requires annual performance reports to "include actual results for the three preceding fiscal years." The Commission previously found that "actual results" under section 2804(c) must also be comparable across the three preceding fiscal years.² To comply with section 2804(c), the *FY 2016 Report* must provide comparable results for each performance indicator for, at a minimum, Fiscal Years (FYs) 2013, 2014, 2015, and 2016. FY 2015 *Analysis* at 45. The Commission explained that the Postal Service can meet this requirement by providing all results using the same

¹ The FY 2016 *Report* and FY 2017 *Plan* are included in the Postal Service's FY 2016 *Annual Report to Congress*, which the Postal Service filed with the FY 2016 *Annual Compliance Report*. See United States Postal Service FY 2016 Annual Report to Congress, Library Reference USPS-FY16-17, December 29, 2016 (FY 2016 *Annual Report*).

² Docket No. ACR2015, Analysis of the Postal Service's FY 2015 Annual Performance Report and FY 2016 Performance Plan, May 4, 2016, at 17 (FY 2015 *Analysis*).

methodology or by explaining how results can be compared between old and new methodologies. *Id.* at 17.

Please provide comparable FY 2013 and FY 2014 results for the following performance indicators: Customer Insights Composite, Business Service Network, Point of Sale, Delivery, and Customer Care Center. If comparable results cannot be provided, please explain how to compare results between the old methodology (Customer Experience Measurement (CEM)) and new methodology (Customer Insights (CI)).³

Ensure a Safe Workplace and Engaged Workforce

2. The Postal Service did not initially set a FY 2016 numeric target for the Postal Pulse survey score. *Id.* at 53. The Commission stated in its FY 2015 *Analysis* that to comply with 39 U.S.C. § 2804(b)(1) in FY 2016, the FY 2016 *Report* must express FY 2016 results that are comparable with FY 2016 targets the Postal Service provided in a Chairman's Information Request (CHIR) response. *Id.* at 16. The Postal Service provided a FY 2016 target for the number of business units participating in action planning.⁴ Please provide the FY 2016 result for the number of business units participating in action planning.
3. In a CHIR response, the Postal Service states it did not set a "specific numeric [FY 2017] target" for the Postal Pulse survey score.⁵ Section 2803(a)(2) requires performance goals to be expressed "in an objective, quantifiable, and measurable form unless an alternative form is used under [39 U.S.C. § 2803(b)]." Section 2803(b) states that "[i]f the Postal Service determines that it is not

³ In its FY 2015 *Analysis*, the Commission explained a possible method for comparing results between the CEM and CI measurement systems without using both measurement systems simultaneously. See FY 2015 *Analysis* at 44-45.

⁴ Docket No. ACR2015, Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 18, March 8, 2016, question 1.c.

⁵ Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 7, January 25, 2017, question 3.b.i (Responses to CHIR No. 7).

feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, the Postal Service may use an alternative form.” The alternative form must include separate descriptive statements of a minimally effective program and a successful program.⁶ Alternatively, the Postal Service must state why expressing a performance goal in any form is infeasible or impractical. *Id.* § 2803(b)(2).

- a. Please confirm that the Postal Service has determined that it is not feasible to express the FY 2017 target for the Postal Pulse survey score “in an objective, quantifiable, and measurable form.”
 - b. If confirmed, please express the FY 2017 target for the Postal Pulse survey score using “an alternative form” under section 2803(b). Please include separate descriptive statements of a minimally effective program and a successful program that meet the requirements of section 2803(b)(1). Alternatively, please explain why it is infeasible or impractical to express the FY 2017 target for the Postal Pulse survey score in any form.
 - c. If not confirmed, please provide an “objective, quantifiable, and measurable” FY 2017 target for the Postal Pulse survey score.
4. The Postal Service previously stated, “[a]s of September 30, 2015, the Postal Service employed 143,066 employees with less than two years of on-the-job experience.”⁷ Please provide the number of employees employed by the Postal Service as of September 30, 2016, with less than two years of on-the-job experience.

⁶ 39 U.S.C. § 2803(b)(1). These descriptive statements must be expressed “with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the program activity’s performance meets the criteria of either description[.]” *Id.* § 2803(b)(1)(B).

⁷ Docket No. ACR2015, Responses of the United States Postal Service to Questions 1-12, 16-18 of Chairman’s Information Request No. 13, February 18, 2016, question 16.a.

5. The Postal Service has previously stated that its FY 2016 performance target for average annual turnover rates for non-career hires was 34.8 percent.⁸
- a. Please provide the FY 2016 average annual turnover rate for non-career hires.
 - i. Please provide the FY 2016 annual turnover rate by each non-career employee category.
 - ii. Please discuss the most frequently cited causes for non-career employee turnover and the data source(s) used.
 - b. Please confirm that the Postal Service has set FY 2017 employee turnover or retention performance targets. If confirmed, please specify the target(s), the type of employee categories, and at what unit level the performance target(s) are set. If the FY 2017 employee turnover or retention performance targets are not at the corporate-wide level, please discuss the reasons for the unit-level(s) selected.
6. CHIR No. 7, question 1.a asked the Postal Service to explain why it failed to meet the FY 2016 target for the Occupational Safety and Health Administration illness and injury rate (OSHA I&I Rate).⁹ In its response, the Postal Service asserted that “[t]he FY 2016 target for [the] OSHA I&I rate was a dual metric including targets for both actual performance and rate of improvement.” Responses to CHIR No. 7, question 1.a. According to the Postal Service, “[a]lthough the target for the actual rate was not met, the performance improvement rate was exceeded.” *Id.* The Postal Service asserts that its actual performance result (6.25) constituted a 6-percent improvement over the prior year. *Id.*
- a. Please provide the FY 2016 target for the “rate of improvement” metric.

⁸ See Docket No. ACR2015, Responses of the United States Postal Service to Questions 1-6 of Chairman’s Information Request No. 9, February 11, 2016, question 2.d.

⁹ Chairman’s Information Request No. 7, January 17, 2017, question 1.a.

- b. The Postal Service concedes that “the target for the actual [OSHA I&I] rate was not met...” *Id.* Please explain and describe why the FY 2016 OSHA I&I Rate actual performance target was not met. See 39 U.S.C. § 2804(d)(3).
- 7. The Postal Service states that in FY 2017, it will replace the OSHA I&I Rate performance indicator with a new performance indicator called Total Accidents Rate to measure employee safety. FY 2016 *Annual Report* at 15 n.9, 20.
 - a. Please confirm that the Total Accidents Rate performance indicator will be a dual metric including targets for both actual performance and rate of improvement. See Responses to CHIR No. 7, question 1.a. If confirmed, please provide the FY 2017 target for rate of improvement. If not confirmed, please explain whether and how the Postal Service will consider the rate of improvement when measuring employee safety.
 - b. Please explain whether the new Total Accidents Rate performance indicator represents a “snapshot in time” that will change after the end of the fiscal year.
 - c. Please discuss the process and means the Postal Service will use to verify and validate the results of the Total Accidents Rate performance indicator and compare them to the process and means of verifying and validating the OSHA I&I Rate actual results. See 39 U.S.C. § 2803(a)(6).
- 8. Please provide supporting workpapers showing the derivation of the:
 - a. FY 2016 OSHA I&I Rate actual result
 - b. FY 2016 OSHA I&I Rate target
- 9. Please provide supporting workpapers showing the derivation of the:
 - a. FY 2016 Total Accidents Rate actual result
 - b. FY 2016 Total Accidents Rate target
 - c. FY 2017 Total Accidents Rate target

10. The Postal Service stated that the Postal Pulse survey items are research-based and “have proven to be statistically valid and reliable over time for measuring employee engagement and its relationship to key business indicators like...accident reduction and employee retention.”¹⁰
- a. Please specify whether and how the information collected through the FY 2016 Postal Pulse survey was used to measure employee engagement’s relationship to the key business indicators for employee retention.
 - b. Please specify whether and how the information collected through the FY 2016 Postal Pulse survey was used to measure employee engagement’s relationship to the key business indicators for accident reduction.

Sustain Controllable Income

11. Please provide supporting workpapers showing the derivation of the:
- a. FY 2016 Deliveries per Work Hour (calculated rate) actual result
 - b. FY 2016 Deliveries per Work Hour (calculated rate) target
 - c. FY 2016 Deliveries per Total Work Hours % SPLY actual result
 - d. FY 2016 Deliveries per Total Work Hours % SPLY target
 - e. FY 2017 Deliveries per Total Work Hours % SPLY target

By the Chairman.

Robert G. Taub

¹⁰ Docket No. ACR2015, United States Postal Service FY 2016 Annual Report to Congress, Library Reference USPS-FY15-17, December 29, 2015, at 18.